



A New Approach to Controlling Inflation: Using the Method of Training Wild Horses

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Abstract

The aim of this study is to offer new solutions to the complex inflation processes caused by the free movement of capital after globalization. As a method, the policies used by countries in different geographical regions around the world to combat inflation were examined by scanning the literature. Then, analytical inferences were made on the similarities between the phenomenon of inflation and the taming of wild horses, and various suggestions were presented. In the study, it was emphasized that each country should implement policies customized to its own specific conditions. Because inflation is not only an economic phenomenon but also a social phenomenon, for this reason, standard economic strategies may not always be effective in combating inflation. In this context, it is suggested to establish an independent "inflation board" consisting of experts from different disciplines that take into account local and global economic conditions. In addition to providing suggestions for monetary and fiscal policies, this board can contribute to more effective and sustainable results in combating inflation by conducting monitoring activities and taking additional measures when necessary.

Keywords: Inflation, Macroeconomics, Monetary Policy

Jel Codes: E31, E60, E52

Enflasyonu Kontrol Altına Almaya Yönelik Yeni Bir Yaklaşım: Vahşi Atları Terbiye Yönteminden Faydalanma

Özet

Bu çalışmanın amacı, küreselleşme sonrası serbest dolaşımının yol açtığı karmaşık enflasyon süreçlerine yönelik yeni çözüm önerileri sunmaktır. Yöntem olarak, alanyazın taraması yapılarak dünya genelinde farklı coğrafi bölgelerdeki ülkelerin enflasyonla mücadelede kullandıkları politikalar incelenmiştir. Daha sonra, enflasyon olgusu ile vahşi atların terbiyesi arasındaki benzerlikler üzerinden analitik çıkarımlar yapılmış ve çeşitli öneriler sunulmuştur. Çalışmada, her ülkenin kendi özel koşullarına göre özelleştirilmiş politikalar uygulaması gerektiği vurgulanmıştır. Çünkü enflasyon yalnızca ekonomik bir olgu değil, aynı zamanda sosyal bir olgudur. Bu nedenle, enflasyonla mücadelede standart ekonomik stratejiler her zaman etkili olmayabilir. Bu bağlamda, yerel ve küresel ekonomik şartları dikkate alan, farklı disiplinlerden uzmanların yer aldığı bağımsız bir "enflasyon kurulu" oluşturulması önerilmektedir. Bu kurul, para ve maliye politikalarına yönelik öneriler sunmanın yanı sıra izleme faaliyetleri yürüterek ve gerektiğinde ilave tedbirler ararak enflasyonla mücadelede daha etkili ve sürdürülebilir sonuçlar elde edilmesine katkıda bulunabilir.

Anahtar kelimeler: Enflasyon, Makroekonomi, Para Politikası

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1. INTRODUCTION

As a result of the increase in the money supply in a country more than the goods and services produced, continuous and significant increases in the general level of prices are called inflation (TCMB, 2013). As a result of its definition, inflation expectations in a country contain a process that affects all market dynamics, especially consumption and investment expenditures (Durmuş, 2018). It has been observed that countries with low inflation rates make more gains in the world economy (Alacahan, 2011). Therefore, understanding the formation and dynamics of this process is of great importance for policy makers (Mlangeni and Buthelezi, 2024). The most recent example of this situation in the world is the global Covid-19 pandemic. The process experienced has brought many countries back to face the problem of high inflation (Abbate, Eickmeier, and Prieto, 2023; Serletis and Dery, 2024; Raudla and Douglas, 2024). The annual inflation rate, which is accepted in developed countries in the world, is in the range of 1-3%, while for developing economies, this rate is accepted in the range of 4-6% per year (TCMB, 2024). For developing economies, this rate is accepted in the range of 4-6 % annually. In the definitions of inflation according to the speed, Annual ratios between 1-9 % are defined as moderate inflation, and annual rates between 10-49 % are defined as high inflation, while the monthly rate of 50 % per month is defined as hyperinflation (Yildiran, 2021). In terms of causes, we can divide inflation into demand with demand taxes, cost -thriller, and structural inflation (Yildiran, 2021). In this context, in order to effectively combat inflation, the factors that cause inflation and the types of inflation must be analyzed comprehensively. From this perspective, determining and implementing effective policies that are appropriate to the source of inflation will make significant contributions to ensuring economic stability (Eğilmez, 2015).

General balance is very important in the economy to keep inflation under control (Dibooglu and Kenc, 2009), and many theories have been put forward so far to ensure general balance in economies (Linde, 2000). The "DD AA XX" model put forward by economists Rudiger Dornbusch and Stanley Fischer in the 1970s and 1980s could not go beyond theory (Dornbusch and Fischer, 1980; Hegerty, 2020) because a number of obligations created by market conditions can usually disrupt the "super balance" due to the expansionary or contractionary monetary or fiscal policies made by politicians (Eğilmez, 2024).

In the Mundell Theory of Allocations and the "Swan Model" put forward by the Australian Keynesian economist Trevor Swan, which is an improved version of this model, it has been stated that problems related to internal balance can be achieved by applying fiscal policy simultaneously with problems related to external balance and monetary policy, and the overall balance can be achieved. However, neither the Mundell-Fleming Model nor the Swan Model can provide a solution for inflation, unemployment, and current account deficits that occur simultaneously in developing economies. Because the transition area between the horizontal supply curve of the Keynesian School and the vertical supply curve of the Classical School was not taken into account in the model (Değer and Emsen, 2010).

After the failure of strategies based on monetary size and exchange rate targeting to cope with rising inflation and unemployment during the oil crisis in the 1970s, an inflation targeting regime was introduced in many countries in the 1990s (Alacahan, 2011). The most important goal of the inflation targeting regime is to ensure price stability Thus, decision makers in the economy do not need to take into account the inflation rate when making investment, consumption and savings decisions (Durmuş, 2018). However, the disruptive effect on economic growth and employment in the short term, financial dominance, and the depreciation of the money as a result of sudden foreign exchange outputs in the wavy exchange rate regime can be counted among the most important disadvantages of the inflation targeting regime. Therefore, in addition to generally accepted policies to control inflation, it may be a more consistent approach that each country sets special policies for its own conditions.

In this study, we compare high inflation to wild horses and in this context, we start from the similarities in the methods used to train wild horses. We also provide recommendations to policymakers on how to control inflation.

2. METHODOLOGY

In scientific theses or articles aimed at developing a new theory, since the theoretical scanning method is appropriate, literature scanning will be used as the method in this article (Randolph and Seyitoğlu, 2018). In the first place, we carry out a large literature study focusing on the subject. Then, we determine a topic title through the finishing method of wild horses in the fight against inflation. From this perspective, we set out the similarities between the training of wild horses and the fight against inflation. We tried to examine the issue in detail through sample tables and compare the findings obtained with the studies in the literature in the discussion section. We also try to give a different perspective on the subject by referring to the previous studies in the results and recommendations section.

3. LITERATURE REVIEW

Lloyd (1945) made a study on the problem of inflation in Europe. In his study, he stated that if the trust in the local currency disappeared, high inflation would start, if budget deficits could not be balanced immediately, they would get out of control and might lead to inflation. He also stated that wages should be fixed, prices of basic foods should be controlled, indirect taxes should be increased in order to restrain inflation, and uncontrolled inflation was the most destructive form of tax.

Smithies (1957) stated that inflation should be solved by maintaining full employment and economic growth, and increasing unemployment was politically unacceptable. He emphasized that inflation occurred when the growth rate of economic output was higher than the full capacity growth rate, and such discrepancies should be corrected. He also said that in order to control persistent inflation, there should be general changes in credit conditions, tax rates, and government spending, and usually, a combination of monetary easing and fiscal restrictions was necessary. In addition to tax measures, selective controls should be carried out on consumer and housing loans. Finally, he stated that some downward revisions might be required in the goal of full employment if fiscal and monetary policies failed, wage demands would be limited by increasing employee and employer competition, and direct price and wage controls should be used as a last resort in his study.

Mishkin (1997) examined four basic strategies such as exchange rate fixing, preventive monetary policy without a clear nominal anchor, monetary targeting and inflation targeting with their advantages and disadvantages in his presentation entitled "monetary policy and inflation targeting" prepared for the Reserve Bank of Australia. In the related study, he discussed how inflation could be reduced and how these gains could be maintained. As a result, he stressed that strategies should be determined according to each country's own special conditions.

In a study conducted by Haan, Berger, and Fraassen (2001), it was stated that countries struggling with high inflation face various difficulties in the transition levels to control inflation. The study considered two basic ways to reduce inflation: The first is the establishment of an independent central bank; the second is the introduction of a currency board. It is emphasized that both options have advantages and disadvantages (De Haan et al., 2001).

De Mendonça and Souza (2012) analyzed 180 countries in their study conducted for the period 1990-2007. They stated that the inflation targeting regime was an effective monetary policy strategy for developing economies to reduce inflation and inflation volatility. However, they stressed that the policy in question was not advantageous for advanced economies to the same extent.

Gupta, Jooste and Ranjbar (2017), conducted a study on South Africa. They stated that the increases in energy and food prices made inflation unstable in their studies,.

Husain et al. (2017) pointed out the importance of psychological effects in controlling inflation. They stated that renaming the value of a currency by changing it by a certain ratio had a statistically significant effect on the consumer price index, and renaming a unit reduced inflation by about 0.91 units.

Mariscal, Powell and Tavella (2018) stated that inflation targeting became popular in developing economies and that eight countries in Latin America succeeded by adopting this regime. However, they showed that reliability was a critical factor for the continuity of this success, and this reliability was damaged when inflation exceeded the set target.

Williamson (2018) conducted research on whether Central Banks had been applying the right methods to control inflation. The possible consequences of sticking firmly to the idea that increased in nominal interest rates reduce inflation were low real interest rates. In such a situation, he emphasized that inflation might not remain below the 2% target, but instead the possible consequences of turning to unusual policies and strategies that were open to risk.

Dastgerdi (2020) emphasized in his study on Iran that although monetary policy was effective to some extent in achieving inflation targets, it was insufficient to manage inflation up to single digit level. He also suggested that there was a direct relationship between budget deficits and inflation. In addition, he stated that the savings fund established under the name of the general reserve fund to control budget deficits in Kuwait should also be used in conjunction with tax reforms for Iran.

Gregory, Hmn, Roberts and Greene (2020) drew attention to the fact that hyperinflation, which had been going on for years in Venezuela, reached an astronomical annual rate of 80,000% in 2018. This situation led to an economic and political crisis. Although the country had rich oil resources, corruption, as well as a political power struggle, were among the main causes of hyperinflation. In their studies, they emphasized that the efforts to find a solution to Venezuela's hyperinflation crisis should be handled in a complex way, both economically and politically. Dollarization has a history as a proven method of combating hyperinflation. However, as a solution, they stated that this was not right for Venezuela from an economic or political point of view and that the best solution was a monetary board.

Armstrong and Mosler (2020) studied the hyperinflation of Weimar Germany in 1922-23. Contrary to the mainstream view that excessive spending by governments increased inflation uncontrollably and rapidly reduced the value of money, they argued that inflation occurred as a result of government policies. They stated that in the Weimar hyperinflation, the German government's constant money printing was the result of inflation, not the cause. They stated that when the government changed its policies and limited expenditures, inflation also ended.

Miller (2022) stated that the hyperinflation in Zimbabwe, Venezuela and Revolutionary France started in a similar way. According to him, governments printed money to finance their deficits, and people used foreign currencies or precious metals to compensate for the depreciation of local money. On top of this, he said that governments implemented currency and price controls, but these measures did not solve the inflation problem and created shortages. Therefore, he stated that the price controls remained ineffective.

Cochrane (2022), stated that the Fed's policies in 2020-2021 reacted slowly in the face of a financial shock due to sticky prices and lack of financial coordination in his study on America. He stated that this situation led to a further increase in inflation and that effective fiscal and monetary reforms should be implemented in a coordinated manner to reduce inflation.

Abbas and Arshed (2023) conducted studies on inflation using World Bank data for the time period from 2002 to 2021 in different regions around the world (Europe, Asia, Latin America, the Middle East, and Africa). They examined corruption control, political stability and expansionary money growth in their studies,. According to the findings of the study, they found that if corruption could be brought under control, inflation could fall in all four regions of the world, political stability had a downward effect on inflation, and expansionary monetary growth consistently increased inflation in all six regions of the world.

Koop and Korobilis (2023) emphasized that the policy of increasing interest rates was prominent as a method of reducing inflation. However, there was a possibility that this policy would increase the risk of unemployment and recession. They stated that policy makers should prioritize legal reforms such as the "Price Transparency Law" that improve the markets instead of interest rate increases that harm the markets in the anti-inflation policy. They stated that businesses increased prices and exploited consumers with "dark pattern online manipulation tools" by cooperating with each other. Therefore, they recommend that policy makers follow legal rules that promote prosperity, rather than resorting to interest rate increases that disrupt the income distribution.

Draeger, Lamla and Pfajfar (2024) conducted studies on German consumers and Matthews and Ong (2022) conducted studies using Bank of England data. They emphasized the importance of expectations and communication policies in order to control inflation in their research,

When considering the literature, budget discipline, fiscal and monetary policies, negative supply shocks, fighting corruption, manipulation, preventing gratuitous increases in basic foodstuffs, applying selective control in consumer and housing loans, trust and communication stand out as issues that should be mainly focused on in the fight against inflation.

In this study, unlike the literature, it is aimed to bring a new perspective to the subject. For this purpose, taking into account the similarities between the methods applied to tame wild horses and controlling inflation, it is emphasized that special policies be developed to control inflation. In order to implement these policies, it is proposed to policy makers to create an "inflation board" consisting not only of economists, but also of scientists from different disciplines such as sociology, psychology, anthropology and history. It is believed that this board can achieve success in controlling inflation by offering solutions suitable for the specific conditions of each country that are unique to it.

The dynamic and uncontrollable nature of inflation requires addressing it not only within economic parameters but also within the framework of human behavior, market psychology, and social structures. Similarly, the taming of wild horses is not only done by using physical force, but also by taking into account the animal's instincts, reactions and adaptation to its environment. While the methods applied in horse taming require a balancing and guiding approach, patience and flexibility, flexible and adaptive strategies that take into account the behavior of market actors should be adopted instead of uniform and rigid policies in the fight against inflation. In this context, a holistic strategy should be developed by taking into account not only economic models but also methods and approaches from different disciplines in controlling inflation.

4. THE METHOD OF TRAINING WILD HORSES IN THE FIGHT AGAINST INFLATION APPROACH (MTWH METHOD)

We can compare controlling inflation to a very difficult-to-treat disease or training a wild horse. The treatment of a complex disease may benefit some patients while it may not provide benefits to others. This makes it difficult to predict the treatment effect for new patients (Seibold et al., 2018). The best treatment strategies in the treatment of patients are individualized and adapted treatments over time (Zhao ve Zeng, 2013). It is difficult to adapt treatment, especially for severe patients. For this reason, new methods are being used today that offer personalized treatment recommendations (Ma,

Lee, Serban and Yang, 2023). For example, it has been concluded that personalized music therapy with drug therapy is beneficial in curing diseases (Ding et al., 2023).

Today, modern central banks are obliged to provide 3 important infrastructure in the policy instruments they use for price stability under the inflation targeting regime. These are; the effectiveness of the policy to be implemented, the coordination of fiscal and monetary policies, proper communication and the management of community expectations. In this context, these three important infrastructures of monetary policy are explained with the metaphor of wild horse training in the MTWH method.

Making a wild horse obedient (making our inflation policy active) and using it as an elite war horse provides important advantages because horses are unique among many pets, and most of them have a role of friendship (Harrison, 2022). Similarly, high inflation (wild horse) has the characteristics of friendship (adhesion), especially in fragile economies. Due to this adhesion feature in high inflation, it is very important for policy makers to predict the dynamic relationship between high inflation and changes in monetary policy (Mlangeni and Buthelezi, 2023). Because deceptive policies are criticized for ignoring long-term structural problems. For example, the FED's intervention in the market by increasing interest rates carries the risk of complicating the production-consumption balance and increasing inequalities (Hopkins, 2023). Such a risk has been experienced worldwide during the struggle with the economic effects of the Covid-19 pandemic. Many countries have implemented economic measures supported by monetary expansions. In order for monetary expansion policies not to cause an increase in inflation, it is important that public support is more supply-oriented because demand-oriented support can increase inflation (Eryüzlü, 2020).

There are two non-lethal approaches to managing wildlife populations: removing excess individuals or reducing reproductive rates. When it comes to the management of wild horses, the latter is a more humane and less costly approach (Turner and Rutberg, 2013). With a similar approach, the differences between needs and ambitions should be well observed in order to control inflation. For this, just as extra support is needed for wild horse population management, fiscal policy coordination may also be needed for inflation management.

The feeling of fear increases the chances of survival of wild animals. Horses are able to change their behavioral and physiological reactions (community expectations in an inflation environment) when they encounter a new stimulus. After habituation training (MB communication policy), while the fear reaction against a certain object decreases, the fear reaction against another object may remain the same (Leiner and Fendt, 2011). Similarly, fears and expectations need to be managed very well to keep inflation under control (Nicolay and de Oliveira, 2019). In this case, as in the training of wild horses to acclimatize and tame the horse to the new situation, the communication policy of the Central Bank and expectation management are an indispensable element for the solution of the problem of high inflation.

Even if the previously mentioned methods are applied to the wild horses in question, success may not be achieved (in the same way, success may not be achieved in solving the problem of high inflation). If there are too many wild horses and there are not enough feed and water resources, there is a deterioration in welfare conditions, If we proceed from the approach that placing some of these animals in private homes (country-specific policies for solving inflation) may be an important part of the solution (Stowe and White, 2024), we can state that the ability to control inflation may vary depending on the specific conditions of each country. Private houses (special policies) suitable for these conditions may differ depending on the internal or external conditions that cause inflation and the type of inflation. For example, a study conducted by Engsted (1998) examined the hyperinflation in China (1946-1949), Hungary (1945-1946), and Yugoslavia-Serbia (1991-1993). The accuracy of

the monetary model applied to control inflation was evaluated, and ultimately, while this model was found to be valid for China and Serbia, it was concluded that the model was not valid for Hungary.

In this context, the country-specific monetary policy proposed with the wild horse metaphor may require different strategies adapted to the economic, political and social conditions of each country through the ingenuity of “private houses” to be built to control inflation. These strategies can be flexible and specific to the situation, taking into account the unique conditions of each country, such as monetary policy, fiscal policy, structural reforms, and social security programs, as well as the causes of inflation (Jaksic, 2022). In addition, the effectiveness of the policy, coordination of fiscal and monetary policies, proper communication and managing community expectations are essential for success.

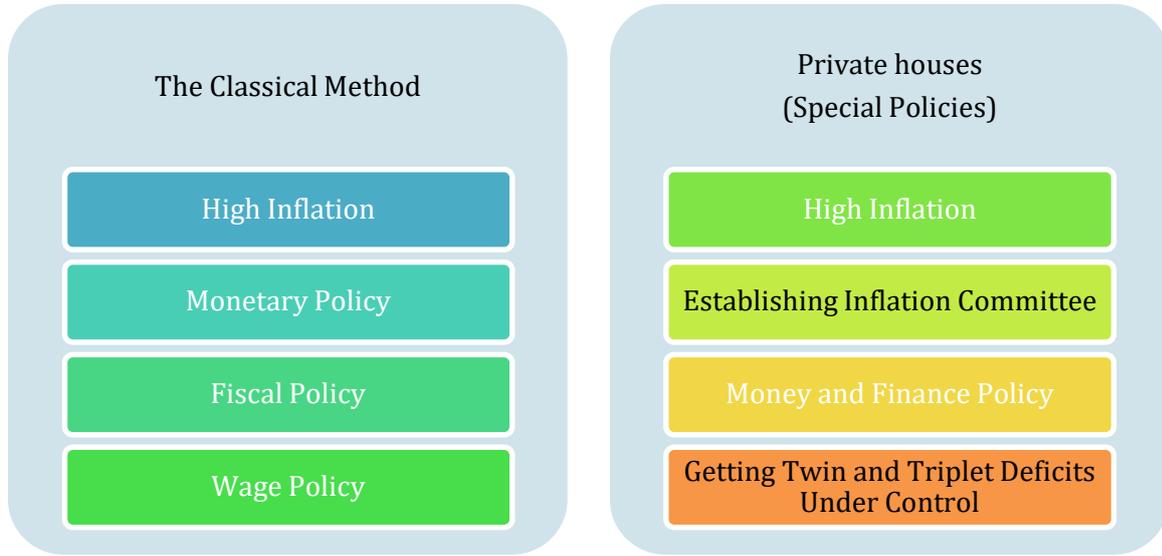
For example, solving high inflation requires a comprehensive and disciplined approach. This may include strategies such as monetary policy (increasing interest rates, controlling the money supply), fiscal policy (budget discipline, tax increase), structural reforms (increasing production, increasing competition), exchange rate policies (using foreign exchange reserves, constant exchange rate), income and wage policies (wage and price controls, social agreements), international assistance and support (IMF and World Bank, encouraging foreign investment), education and awareness raising (public awareness, financial education) and other measures (energy and food policies, technological investments) (Blejer ve Cheasty, 1988).

On the other hand, chronic inflation is usually characterized as "sticky" and the causes of this condition can be listed as expectations and psychology, structural problems, political and institutional factors, external shocks, social and economic habits. Consistent short- and long-term economic policies are necessary to control chronic inflation (Reinhart et al., 1994).

Since hyperinflation leads to serious economic and political instability with a rapid and uncontrolled increases in prices, combating hyperinflation may require a comprehensive and disciplined approach to apply economic, financial, and structural reforms together with stability. These may require strategies such as monetary reform, tightening of monetary policy, fiscal discipline, international aid, economic reforms, price and wage controls, transition to foreign currency, and restructuring of public debts (Dijkstra, 1997).

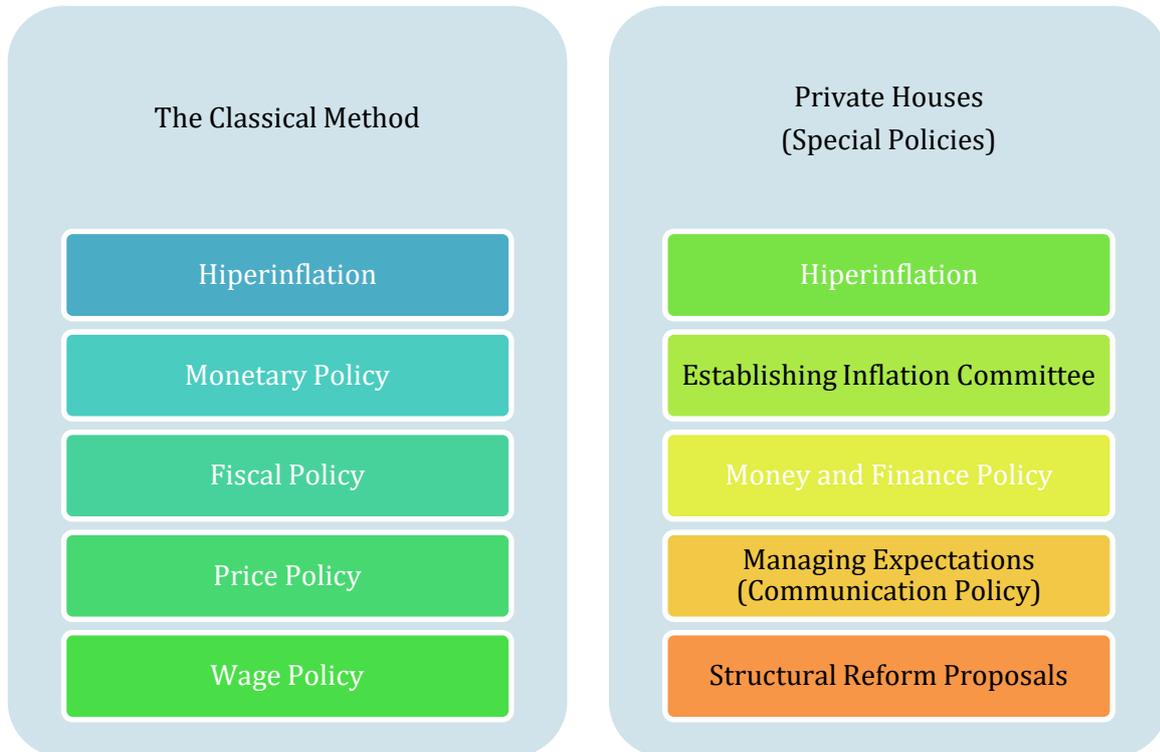
In order to succeed in the fight against inflation, an example flow chart containing the previously mentioned solution proposals is shown in the table below and the tables of each country can be updated according to their special conditions (special houses). Particularly in countries with high inflation and hyperinflation, the policies to be followed through the “Inflation Board” can be determined.

Table 1: Comparative Sample Table of Traditional Policies and Special Policy Proposals to Control High Inflation. It was created by the authors.



A comparative analysis of traditional policies and specific policy proposals aimed at controlling high inflation is presented in Table 1, and methods used to combat hyperinflation are presented in Table 2. According to the tables, inflation boards that will be established rather than traditional policies and policies that each country will determine in accordance with its own specific conditions will be able to bring success in the fight against inflation.

Table 2: Comparative Sample Table of Traditional Policies and Specific Policy Proposals to Control Hyperinflation. It was created by the authors.



As can be seen in Table 3 below, we can give Venezuela as an example as a country that has failed in the fight against hyperinflation. As a result of the mistakes in economic policies and the negative effects of external factors, Venezuela's hyperinflation crisis has emerged since the early 2010s.

Table 3: Venezuela's hyperinflation crisis. It was created by the authors

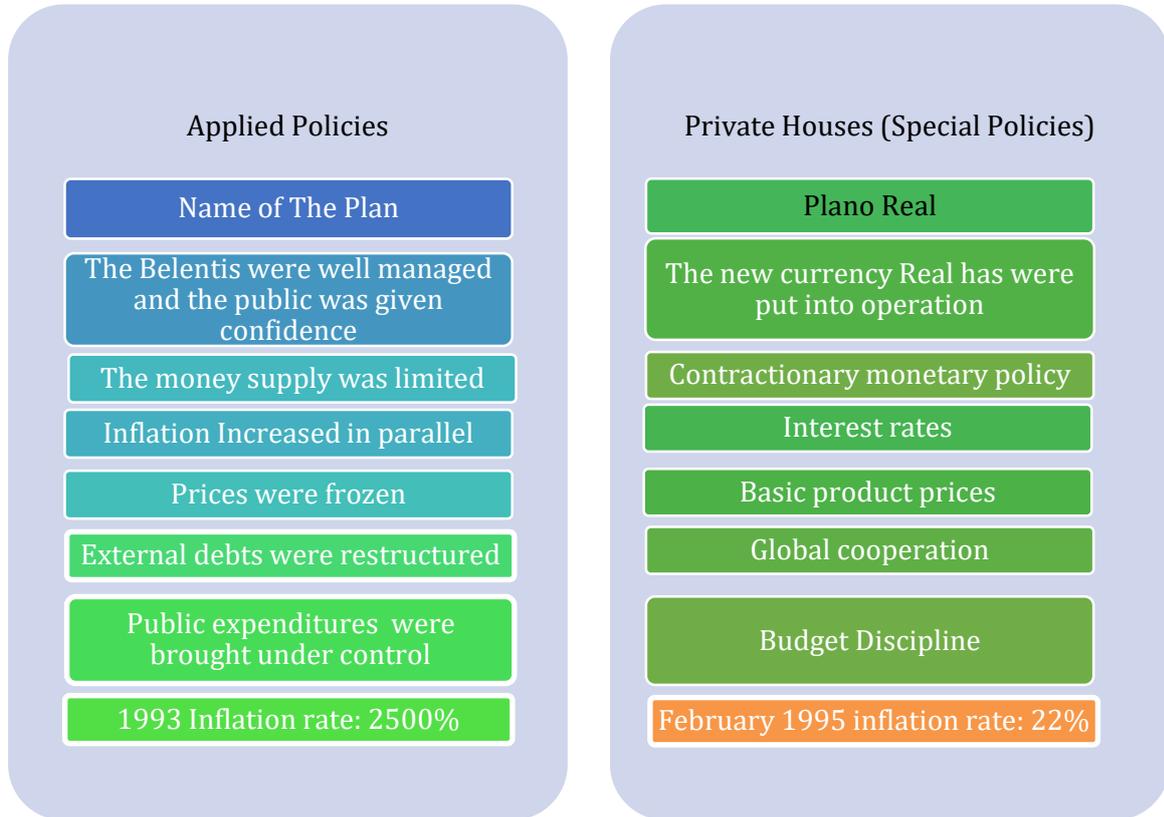


Among the priority policies is the application of price controls by the state to basic goods. This situation forced manufacturers to stop production and led to serious goods shortages in the country. In addition, the fixed exchange rate policy caused the Bolivar to become overvalued and foreign exchange reserves to be depleted. Besides, the government's printing of large amounts of money brought inflation out of control. The collapse of oil prices in 2014 further weakened the economy due to Venezuela's excessive dependence on oil exports. Economic sanctions also made the situation worse. The Maduro government took initiatives such as reforming the currency and launching a cryptocurrency called the Petro. However, these steps failed to solve the crisis. February January 2010, the inflation rate, which was 24%, exceeded 345000% by February 2019 (Trading Economics, 2024) This situation caused a major social and economic crisis. Although measures such as dollarization and currency reform provided temporary relief, Venezuela's deep structural problems persisted. External factors such as international sanctions and the inability to diversify production and exports also aggravated the crisis (Roy, 2024; Pineda, 2024).

In Table 4, we can give Brazil as an example of a country that has been successful in fighting inflation. Brazil implemented the Plano Real economic reforms in the early 1990s to combat the hyperinflation it was experiencing. The most important element of this plan, implemented in 1994, was the introduction of a new currency, the Real. The erasure of zeros in the currency was a step to bring the public's inflation expectations under control. In addition, the Brazilian Central Bank has implemented strict monetary policies, raising interest rates and limiting the money supply. With the price freezing measures, the prices of basic products were kept under control. While the external debts were

restructured, fiscal discipline was ensured by reducing public expenditures. As a result of these reforms, the inflation rate, which was 6300% in March 1990, was reduced to 22% in November 1995 (Trading Economics, 2024). Plano Real is considered a successful example in terms of bringing inflation to sustainable levels and ensuring economic stability (Flynn, 1996).

Table 4: Brazilian hyperinflation crisis. It was created by the authors.



5. FINDINGS AND DISCUSSION

The main causes of inflation include irregular economic policies, losses and leaks in the economy, debts borrowed at high interest rates, money printed unrequited to cover the budget deficit, market unrest and negative supply shocks Dec. These factors can lead to higher prices and the economy out of balance. Uncontrolled increase of the money supply fuels inflation, especially when production does not increase at the same pace. In addition, external factors such as negative supply shocks also raise prices by increasing costs (TCMB, 2024).

In line with these explanations, if we liken inflation to a horse, either the horse will be the master or policymakers will. If the rider (policymakers) is standing in the right position on the horse, the horse immediately understands that he is competent (Ünver, 2003). Therefore, rules-based policies should be implemented uncompromisingly in order to reduce inflation. However, instead of controlling inflation only with traditional policies, Heterodox policies can also contribute to the solution (Erkan, 2016; Arce, 1994). Because if contractionary monetary and fiscal policies fail, inflation and unemployment will also increase. As with the techniques used to make wild horses obedient, short-term policies alone may not be enough to control inflation. For this, both a short- and long-term mixed approach may be required. This may include additional measures to prevent losses and leaks in the economy and to control twin-triplet deficits. Also, even if the horse throws the rider over, the rider should never let go of the horse's halter and should immediately get back on the horse without losing control. For example, policies that are loosened during election periods are quickly detected

by inflation, just like a horse that immediately understands whether its rider is competent or not. In order to keep the process under control, a functioning market and the rule of law are very important, as in the Copenhagen criteria of the European Union adopted on June 22, 1993. Economic units need to take into account not only their own interests but also the interests of society in rational decision-making processes. For example, in Germany, the country's production processes are very well regulated and transparency about costs and profits is provided (James et al, 2020; Frondel et al., 2020).

Not only monetary policies but also financial policies, budget discipline, expectations management, and the communication strategy of Central Banks are of great importance in order to ensure success in the inflation targeting regime, which has come to the fore, especially after the 1990s in the fight against inflation. As a matter of fact, Cochrane (2022) reached similar results in his study.

In some societies, expenses are usually high and savings rates are low (Northeastern University, 2024). This tendency, for example, is based on the cultural perception of saving as stinginess and waste as generosity in Turkey. This situation, on the other hand, causes a negative cycle on growth and ultimately contributes to high inflation. As a matter of fact, Atamtürk (2007) stated that there was a positive relationship between the growth rate and savings when talking about the importance of controlling inflation, and that savings rates increased as the level of development of countries increased.

6. CONCLUSIONS AND RECOMMENDATIONS

Traditional policies alone may not be enough to combat inflation. It may require the implementation of customized policies according to the unique internal and external conditions of each country. Generally accepted Orthodox economic policies may be effective for many countries, but the economic structure, financial situation and social dynamics of each country are different. Therefore, instead of standard solutions to cope with inflation, customized policies should be developed that take into account each country's own specific conditions (historical, cultural, psychological, geographical, political, sociological, anthropological). In this context, taking into account local economic data and global economic trends, the creation of strategies specific to each country is critical to effectively combat inflation. A similar view was expressed by Mishkin (1997) in a report prepared for the Reserve Bank of Australia.

Various methods applied in the training of wild horses to control inflation may contribute to the issue from a different point of view. For example, the development of safer and more effective drugs and immune vaccines has been proven effective in treating various wild horses (Naugle and Grams, 2013). Based on this, there is a need for modified new approaches to combating inflation. As a matter of fact, the strategies related to monetary size and exchange rate targeting, which were popular until the 1990s, have now been replaced by the inflation targeting regime aimed at ensuring price stability. This has been carried out through monetary policy instruments. However, hot capital movements after high interest rate policies carry budget deficits to uncontrollable levels, which in this case can trigger new crises. For this reason, new approaches, such as an equal budget, may be needed to combat inflation.

In the case of both inflation, unemployment and foreign trade deficit in the global economy, where competitive foreign trade prevails today, differentiated product exports with high brand value should be carried out. In this context, on the one hand, the control of the foreign trade deficit should be ensured (Sağır, Baysal and Çalış, 2024), and on the other hand, speculative profit paths should be minimized. In particular, the legal conditions for responsible individuals engaged in financial business to behave in accordance with ethical and moral values should be strictly determined (Roubini, 2017).

Expectations are very important in the economy. The elimination of the inflation problem is possible not only with the measures to be taken by policy makers, but also with the contribution of society. In order to provide this contribution, the communication policy of the Central Bank is of critical importance. Elements such as transparency, consistency, forward guidance, direct communication, confidence-building measures, increasing savings awareness in society, economics education being given at the basic level, and emergency communication constitute an effective strategy. A well-designed communication strategy helps to manage expectations, increase confidence and shape economic decisions (Szyszko et al., 2024).

In order to implement the above-mentioned policies, a board called the “inflation board” should be established, which includes sociologists, psychologists, political scientists, anthropologists, historians, as well as economists. Because, in order to control inflation, it is necessary to develop special policies that take into account the specific conditions of each country. Because inflation is not only an economic phenomenon, but also a social one.

This proposed board should have an independent structure similar to the Banking Regulation and Supervision Board. The board should communicate the decisions it makes to the Central Bank, the ministry responsible for the economy and other relevant institutions, thus ensuring effective coordination in the fight against inflation. In addition, this board should regularly analyze the results of the implemented policies. Furthermore, the board should be accountable to the authorities it is responsible for in line with the findings obtained and should adopt a transparent and accountable management approach.

As can be seen in the 2023-2024 Turkey example, the use of mainly monetary policy tools in reducing inflation has not been sufficiently successful. However, the recommendations and monitoring activities of an independent board in both monetary and fiscal policy areas ensure that additional measures are taken when deemed necessary. In this way, more effective and sustainable results can be achieved in the fight against inflation. In this context, it is recommended that future studies be conducted that analyze the impact of an independent board's policy recommendations and monitoring activities on inflation and include empirical results. Such a study could contribute to more robust and data-based decision-making processes for policy makers.

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CONTRIBUTIONS OF AUTHORS

Idea: **D.B.** Data Collection: **D.B.** Analysis and Interpretation: **D.B., H.E., B.E., N.Ç.** Literature Review: **D.B.** Writing the Article: **D.B., B.E.** Critical Review: **H.E., B.E., N.Ç.** Approval: **D.B., H.E., B.E., N.Ç.**

CONFLICT OF INTEREST

The authors have no conflict of interest to declare.

DATA AVAILABILITY

The data is publicly available.

ETHICAL STATEMENT

The study does not require ethics committee approval.

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